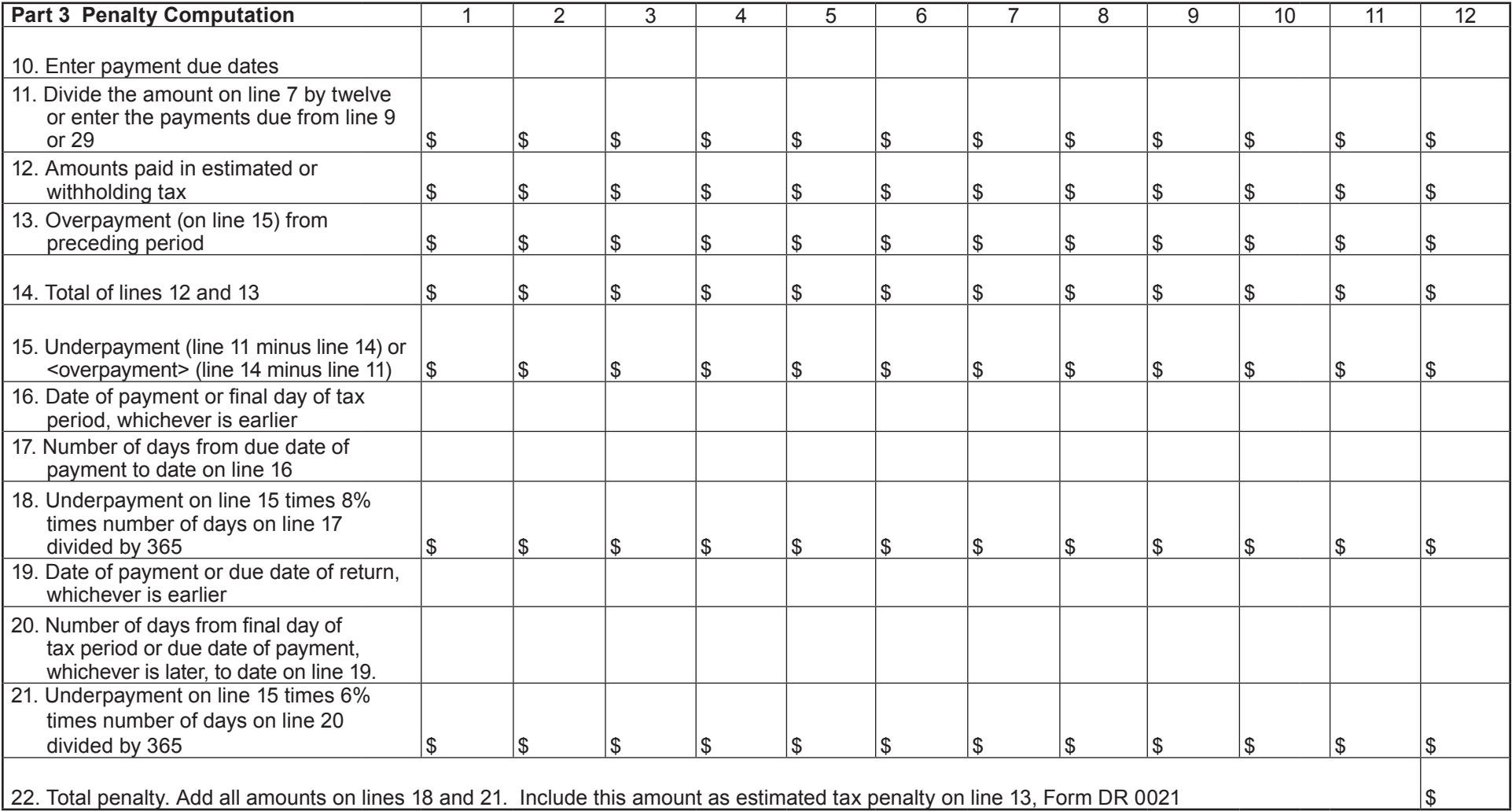




DR 0206 (06/24/14)  
COLORADO DEPARTMENT OF REVENUE  
Denver, CO 80261-0006

## Computation of Penalty Due Based on Underpayment of Colorado Severance Estimated Tax

Business Name		Colorado Account Number
<b>Part 1 Exception</b>		
1. Enter the current tax year's liability. Include any credit recapture after reduction for all credits other than estimated tax and withholding tax payments and credits		\$
2. Statutory exemption		\$ 5,000.00
3. Line 1 minus line 2. If 2 is larger, enter zero and no penalty is due		\$
<b>Part 2 Required Annual Payment</b>		
4. Enter the current tax year's liability		\$
5. Enter 70% of the amount on line 4		\$
6. Enter the proceeding tax year's liability		\$
7. Required payment. Enter the smaller of lines 5 or 6		\$
8. Does the taxpayer qualify as a large corporation under section 6655 of the federal IRS code? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, go to line 9. If no, skip to line 10.		
9. (a) Enter 8.333% of line 5		\$
(b) Enter 8.333% of line 6		\$
(c) line 9(a) minus line 9(b). If line 9(b) is larger, enter 0		\$
Enter the smaller of lines 9(a) or 9(b) on line 11 in column 1. Enter the total of lines 9(a) and 9(c) on line 11 in column 2. Enter the amount from line 9(a) on line 11 in columns 3–12.		





Business Name										Colorado Account Number		
<b>Part 4 Annualized Installment Method Schedule</b>												
23. Ending date of annualization period												
24. Colorado taxable income computed through the date on line 23	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
25. Annualization Factor	12	6	4	3	2.4	2	1.72	1.5	1.33	1.2	1.09	1
26. Annualized taxable income. Line 24 times line 25	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
27. Line 26 times 4.63%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
28. Applicable percentage	5.833%	11.667%	17.5%	23.333%	29.167%	35%	40.833%	46.667%	52.5%	58.333%	64.167%	70%
29. Installment payment due. Line 27 times line 28, minus amounts entered on line 29 in earlier quarters. Enter here and on line 11.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

## Instructions for DR 0206

**Part 1** Generally you are subject to an estimated tax penalty if your current tax year's estimated tax payments are not paid in a timely manner. The estimated tax penalty will not be assessed if the Colorado tax liability is less than \$5,000.

**Part 2** The required annual amount to be paid is the lesser of:

1. 70% of actual Colorado tax liability, or
2. 100% of preceding year's Colorado tax liability:  
only applies if
  - The preceding year was 12-month tax year, and
  - The corporation filed a Colorado return, and
  - The corporation is not defined under section 6655 of the federal IRS code as a large corporation\*

\*Large corporations can base their first monthly estimated tax payment on 8.33% of the previous year's tax liability. However, future payments must be based on the actual tax liability for the current tax year and any underpayment

occurring in the first month as a result of this estimation must be repaid with the second monthly payment.

**Part 3** Compute the penalty on lines 10 through 22 of Form 206. Complete each column before going to the next column. The dates to be entered on line 10 are the 15th day of the each month of the taxable year. Corporations filing for a short tax year must adjust lines 9, 10 and 11 accordingly. Large corporations must complete line 11 based on the computations from line 9 or 29.

**Part 4** Taxpayers who do not receive income evenly during the year may elect to use the annualized income installment method to compute their estimated tax payments. Complete the annualized installment method schedule to compute the amounts to enter on line 11.

For additional information regarding the estimated tax penalty see FYI Income 51, which is available at [www.TaxColorado.com](http://www.TaxColorado.com)